



M E D I A R E L E A S E

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

FOR IMMEDIATE RELEASE
JULY 28, 2006

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SHELBY AND VESTA INSURERS DROPPING 5,000 TENNESSEE POLICIES, LIQUIDATION PLANNED

Nashville, TN.- Tennessee insurance consumers should beware that Vesta Fire Insurance Corporation, and its Texas, Hawaii and Florida subsidiaries, have been placed under state control in Texas due to financial difficulties.

Two of Vesta's subsidiary companies, Shelby Casualty Insurance Company and Shelby Insurance Company, have almost 5,000 homeowners, commercial property, and automobile policies currently in effect in Tennessee.

Texas insurance officials have initiated actions to non-renew those policies. The Texas officials have also filed a court action requesting to liquidate the companies and requesting that all policies be canceled as early as August 23, 2006.

"In order to satisfy Tennessee's financial responsibility laws, all auto policyholders need to make sure they do not have a lapse in coverage. Likewise, Tennessee homeowners may be subjected to forced placement with another insurer at a higher cost if they fail to get replacement coverage," said Tennessee insurance Commissioner Paula A. Flowers. "We strongly encourage consumers to be proactive now and immediately contact their agents to identify replacement coverage alternatives."

If consumers have questions regarding the Texas regulatory actions or questions about their coverage, they can call the Texas Department of Insurance at 1.800.252.3439 or visit www.sdrtx.com. For consumers in Tennessee who need information about companies that are offering replacement coverage, please call 1.800.342.4029.

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